REMARKS

In the Office Action dated April 5, 2007, the "Disposition of Claims" indicates that claims 1, 2, 5, 7, 8, 11, 13 and 19-23 are pending in this application. Contrary to that statement, and with all due respect, claims 1-11, 15, 16 and 19-24 are pending. In view of this fact, applicants respond to the rejection of all of the pending claims under 35 USC §103(a) as if each of claims 1-11, 15, 16 and 19-24 were rejected, and not merely claims 1, 2, 5, 7, 8, 11, 13 and 19-23, as inadvertently asserted.

Claims 1, 7 and 13 are amended hereby, wherein claims 1-11, 15, 16 and 19-24 remain pending, claims 1, 7 and 13 being the independent claims. Reconsideration of the rejection of those claims is respectfully requested.

Response To Rejections Under 35 USC §112, Second Paragraph

The Examiner rejected claims 1, 7 and 13 under 35 USC §112, second paragraph, as indefinite based on the limitation "third party emitter issuing ...". In particular, the Examiner asserts that said limitation is vague and indefinite, and indicates that is an essential step is missing because there is no relation between the feature of "third party emitter" and the other claimed features.

In response, applicants have amended the preamble of the independent claims to include that the claimed method, system and program storage device are directed to digitally managing the transfer of financial instruments between a third party emitter, a first party owner and a second party transferee. As amended, the independent claims are not vague or indefinite, the relationship between the third party emitter, first party owner and second party transferee now clearly particularly pointed out and distinctly claimed. Applicants, therefore, respectfully

request withdrawal of the rejection of independent claims 1, 7 and 13 under the second paragraph of Section 112.

Response Under 35 USC §103(a)

Claims 1, 2, 5, 7, 8, 11, 13 and 19-23 were rejected under 35 U.S.C. 103 as being unpatentable over US Patent No. 5,351,302 to Leighton, et al. (Leighton) in view of US Patent No. 5,903,652 to Mital (Mital), and further in view of US Pending Patent Application Serial No. 2002/0128940 to Orrin (Orrin); claims 1, 7 and 13 are the independent claims. For the reasons discussed below, claims 1-11, 15, 16 and 19-24, which include claims 1, 2, 5, 7, 8, 11, 13 and 19-23, patentably distinguish over Leighton in combination with Mital and Orrin, and are allowable. The Examiner is thus asked to reconsider and to withdraw the rejections, and to allow these claims.

Generally, applicants independent claims 1, 7 and 13, and the claims that depend from these independent claims patentably distinguish over the Leighton, Mital and Orrin because none of the cited references show or suggest the feature, in a process of transferring title to a financial instrument, held by a third party emitter and owned by a first party, from the first party owner to a second party transferee, that the owner of the title, using a public signature scheme of the owner, signs the title by appending a message to the title, and that the message includes a public part of a signature scheme of the second party transferee.

In order to best understand this feature and its significance, it may be helpful to review briefly the present invention and the prior art.

The present invention generally relates to establishing and to managing electronic titles for financial instruments. In order to develop a suitable mechanism to do this, a number of issues need to be addressed. For instance, it is necessary, or highly desirable, to

prevent the creation of illegitimate titles and to prevent fraudulent sales. Also, the owner needs to be able to show ownership. The ability to maintain confidentiality and to preserve anonymity may also be important.

The present invention effectively addresses these issues. Generally, this is done through a unique involvement of three parties – the third party emitter, the owner, and the transferee (such as a buyer). With the preferred embodiment of the present invention, the third party emitter issues a title for a financial instrument; and the title includes (i) a message describing the title and how to contact the owner, and (ii) a digital signature of the owner. When the owner wants to transfer the title to another person, the owner, using his or her public signature scheme, appends a message to the title, and this message includes a public part of a signature scheme of that other person – that is, the transferee.

The references of record do not disclose or suggest this same type of three-party involvement. In particular, the prior art does not disclose or suggest the above-described role of the owner. For instance, Leighton discloses a system for preventing counterfeiting or otherwise illegal use of documents. In the Leighton system, a title is provided with an identifier uniquely associated with the personal or real property that is the subject of the title, and information directly or indirectly identifying the owner of the property.

In the Office Action, the Examiner asserts that Leighton substantially discloses in the Abstract and at column 1, line 1, through col. 1, line 16, the limitations of the current application such as: creating digitally secure documents using cryptography, concatenation of data strings, digital signature, etc., and at column 1, lines 35-68, creating titles for personal and real property, including a digital signature of the owner, and at column 2, lines 51-68, the owner transferring ownership of the financial instrument to another person, the owner, using a public signature schema of the owner, signing the title using a public signature scheme of the

owner and appending to the title a public part of a signature scheme of said other person (i.e., the third party transferee).

Applicants respectfully disagree. For example, while the Examiner asserts that Leighton, at col. 2, lines 51-68, discloses:

the owner transferring ownership of the financial instrument to the second party transferee, including the steps of

the owner, using a public signature scheme of the owner, signing the title by appending a message to the title, said message including a public part of a signature scheme of said second party transferee,

applicants understand that the cited Leighton text merely discusses digital signatures and public-key cryptosystems, and how a digital signature can be used to bind information to a title. There is no teaching or suggestion in the cited portion of Leighton, et al. (or in any other portion of this reference) of having the <u>owner</u>, using his or her public signature scheme, append a message to the title, where this message includes a public part of a signature scheme of the <u>transferee</u>.

The Examiner also argues that Leighton does not explicitly disclose a second party transferee and appending a message to the title including a public part of a signature scheme, a third party emitter issuing to the owner a title for a financial instrument and a message describing the title and how to contact the emitter, but that Mital discloses a third party emitter issuing to the owner a title for a financial instrument and a message describing the title and how to contact the emitter, at col. 2, lines 22-62, col. 22, line 24, to col. 23, line 20, and col. 27, lines 17-53, to prepare a secure authenticated digital document with digital signature to be transmitted over the Internet, and that it would have been obvious to modify Leighton, and include a third-party emitter issuing to the owner a title for a financial

instrument and a message describing the title and how to contact the emitter, as disclosed by Mital, to prepare a authenticated digital document for sending over the Internet.

Applicants respectfully disagree. There is no motivation found in either Leighton or Mital for combining the two, a requirement for establishing and maintaining a rejection under 35 USC 103(a). In the recently decided US Supreme Court case KSR Int'l Co. v Teleflex, Inc., No. 04-1350 (US April 30, 2007), it was held that an analysis supporting a rejection under 35 USC §103(a) should be made explicit "to identify a reason that would have prompted a person of ordinary skill in the relevant field to combine the [prior art] elements" in the manner claimed. There is no explicit analysis contained in the Office Action for the proposed Section 103(a0 combination of Mital with Leighton, so that the combination is inherently improper under Section 103(a).

For that matter, and as will be discussed in greater detail below, any combination of Leighton and Mital would still fail to include that a second party transferee (assignee), and appending a message to the title that includes a public part of the signature scheme. In such a hypothetical system, various people at various locations input and process data to effect a transaction; and, in this system, digital signatures and encryption are used to keep the transaction secure. Hence combining Leighton, et al., with Mital, *assuming arguendo* some teaching, suggestion or motivation in the prior art for making such a combination, still does not remedy the shortcomings of Leighton, with respect to the claim 1 language. That is, combining Leighton, et al., and Mital still would not realize the elements of applicants' independent claims including:

the owner transferring ownership of the financial instrument to the second party transferee, including the steps of

the owner, using a public signature scheme of the owner, signing the title by appending a message to the title, said message including a public part of a signature scheme of said second party transferee.

There is no teaching or suggestion in the cited portion of Leighton (or in any other portion of this reference) that can be remedied by combining with Mital, of having the <u>owner</u>, using his or her public signature scheme, append a message to the title, where this message includes a public part of a signature scheme of the <u>transferee</u>.

And as mentioned, the Examiner continues the argument for the rejection of claims 1, 2, 5, 7, 8, 11, 13 and 19-23 under Section 103(a) by asserting that Leighton discloses transferring ownership, but that the two-by combination of Leighton and Mital does not explicitly disclose a second party transferee, and appending a message to title, the message including a public part of a signature scheme of the second party transferee. The Examiner then asserts that Orrin discloses a second party transferee (assignee), and appending a message to the title that has a public part (par. 004, 015,030), and that it would therefore have been obvious to modify the Leighton as modified by Mital combination to include appending a message to title that has a public part, as disclosed by Orrin.

Applicants respectfully disagree. For that matter, while the Examiner asserts that it would have been obvious to the skilled artisan "to modify the disclosure of Leighton and Mital and include appending a message to the title, said message including a public part, as disclosed by Orrin, to form a legally binding digital document and messages such as a time stamp with digital signature either in or out of the presence of an official such as: notary, attorney, etc., to be transmitted electronically over the non-secure public communication such as the Internet," such reason is insufficient under the law of Section 103(a).

That is, applicants' independent claims do not recite appending a message to the title, said message including a public part to form a legally binding digital document and messages such as a time stamp with digital signature either in or out of the presence of an official such as: notary, attorney, etc., to be transmitted electronically over the non-secure public communication such as the Internet, but, for example, in independent claim 1, recite digitally managing the transfer of financial instruments between a third party emitter, a first party owner and a second party transferee, wherein the third party emitter issuing to the owner a title for a financial instrument, the title including (i) a message describing the title and how to contact the emitter, and (ii) a digital signature of the emitter; the owner transferring ownership of the financial instrument to the second party transferee, including the steps of the owner, using a public signature scheme of the owner, signing the title by appending a message to the title, said message including a public part of a signature scheme of said second party transferee.

Such an recitation may be an "explicit" reason for making such a combination under Section 103(a), and KSR Int'l Co. v Teleflex, Inc., but the reasoning is not found in any of the cited references, and sounds more like applicants' claimed language rather that the text from one of the three (3) references of the asserted by-three combination under Section 103(a). Hence applicants respectfully assert that there is no proper and explicit reason set forth for combining either Leighton alone, or Leighton with Mital, or Leighton and Mital with Orrin to realize applicants' invention as set forth in independent claims 1, 7 and 13.

But even *assuming arguendo* that there is some proper and explicit teaching, suggestion or motivation in any of the three references for making the asserted by-three combination under Section 103(a), the combination would still not render applicants' independent claims obvious under Section 103(a).

For example, the cited portion of Orrin merely recites having the owner, using his or her public signature scheme, append a message to the title, where this message includes a public part of a signature scheme of the transferee. And applicants' rejected independent claims do not recite a message to title with a public part to electronically represent a legal binding document showing the current ownership (assignor) and transfer of ownership to next owner (assignee). Applicants' independent claims include the limitation that:

the owner transferring ownership of the financial instrument to the second party transferee, including the steps of

the owner, using a public signature scheme of the owner, signing the title by appending a message to the title, said message including a public part of a signature scheme of said second party transferee.

Hence, combining Leighton with Mital, and combining the hypothetical Leighton/Mital combination with Orrin, does not remedy the shortcomings of Leighton, or Leighton combined with Mital, or Leighton combined with Mital combined with Orrin, with respect to the independent claim language. That is, combining Leighton, Mital and Orrin still would not realize a method such as that set forth in applicants' independent claims, including a third party emitter issuing to the owner a title to a financial instrument, the title including a message describing the title and how to contact the emitter, and a digital signature of the emitter, the owner transferring ownership of the financial instrument to the second party transferee, including the owner, using a public signature scheme of the owner, signing the title by appending a message to the title, said message including a public part of a signature scheme of said second party transferee, a limitation in each of claims 1, 7 and 13.

Due to the above-discussed differences between claims 1, 7 and 13 and the Leighton, et al., Mital and Orrin combination, and because of the advantages associated with

these differences, claims 1, 7 and 13 patentably distinguish over the prior art and are allowable. Claims 2-6 and 19-24, are dependent from claim 1 and are allowable therewith; claims 8-11 are dependent from claim 7 and allowable therewith; and claims 15, 16 depend from claim 13 and are allowable therewith. The Examiner is, accordingly, respectfully asked to reconsider and to withdraw the rejections of claims 1-11, 13, 15, 16 and 19-24 under 35 U.S.C. §103 (a) by the Leighton, Mital and Orrin combination, and to allow the claims.

The other references of record have been reviewed, and these other references, whether considered individually or in combination, also do not disclose or suggest this feature of the present invention.

For the reasons discussed above, the present application, including pending claims 1-11, 13, 15, 16 and 19-24, is now in condition for allowance, a notice of which is requested. If the Examiner believes that a telephone conference with applicants' attorneys would be advantageous to the disposition of this case, the Examiner is asked to telephone the undersigned.

Respectfully Submitted,

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